

## Message Text

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PAGE 01 ATHENS 01063 01 OF 02 021726Z

ACTION EUR-12

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COME-00 EB-08 LAB-04 SIL-01 TRSE-00 /084 W

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INFO USMISSION GENEVA

USMISSION EC BRUSSELS

C O N F I D E N T I A L SECTION 1 OF 2 ATHENS 1063

DEPT ALSO FOR EUR/EX

E.O. 11652: GDS

TAGS: ELAB, AFSP, GR

SUBJECT: GOVERNMENT, LABOR AND MANAGEMENT AGREE ON INCREASED  
MINIMUM WAGES AND FRINGE BENEFITS

REF: ATHENS 0433

1. SUMMARY: REPRESENTATIVES OF LABOR, MANAGEMENT AND THE  
GOVERNMENT, INCLUDING PRIME MINISTER CARAMANLIS, SIGNED  
THIS YEAR'S NATIONAL GENERAL COLLECTIVE LABOR AGREEMENT ON  
JANUARY 26. THE AGREEMENT RAISES NATIONAL MINIMUM WAGE LEVELS  
FOR UNSKILLED WORKERS BY 15 PERCENT, PROVIDES FOR AN ADDITIONAL  
5 PER CENT RAISE FOR UNSKILLED WORKERS WITH MORE THAN THREE YEAR'S  
EMPLOYMENT, LIBERALIZES ANNUAL LEAVE PRACTICES, AND COMMITS THE  
GOVERNMENT TO THE EARLY IMPLEMENTATION OF EXTENSIVE FRINGE  
BENEFITS. THE AGREEMENT ALSO DECLARES THAT ALL THREE PARTIES  
TO IT AGREE THAT THE ECONOMIC INDEPENDENCE OF TRADE UNIONS  
SHOULD BE ASSURED. A WEEK OF FORMAL AND HARD TRIPARTITE  
BARGAINING AND CONSIDERABLE BEHIND-THE-SCENES MANEUVERING,  
DURING WHICH THE NEGOTIATIONS ALMOST BROKE DOWN, PRECEDED  
THE AGREEMENT. MANAGEMENT WAS DIRECTLY INVOLVED ONLY WITH THE  
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PAGE 02 ATHENS 01063 01 OF 02 021726Z

WAGE AND ANNUAL LEAVE PORTIONS OF THE NEGOTIATIONS, WHILE LABOR  
MINISTER LASKARIS AND LEADERS OF THE GENERAL CONFEDERATION  
OF GREEK WORKERS (GSEE) ALSO ENGAGED IN EXTENSIVE DISCUSSIONS ON  
OTHER FRINGE BENEFITS CONCERNING PENSIONS AND FAMILY ALLOWANCES.  
THE AGREEMENT AFFECTS THE WAGES OF SEMI-SKILLED WORKERS ONLY;  
HOWEVER, THE 15 (OR COMBINED 20) PER CENT FIGURE WILL SERVE A  
A BENCHMARK FOR WAGE DEMANDS ACCEPTABLE TO THE GOVERNMENT BY

HIGHER SKILLED WORKERS OVER THE NEXT SEVERAL MONTHS. LEFTIST TRADE UNIONISTS ARE OPPOSING THE AGREEMENT AND CONTINUE TO CALL FOR 35-40 PER CENT INCREASES IN WAGES. END SUMMARY.

2. THE AGREEMENT SIGNED ON JANUARY 26 WILL HAVE RELATIVELY LITTLE IMMEDIATE EFFECT. MINIMUM WAGE LEVELS FOR UNSKILLED WORKERS WILL INCREASE BY 10 PERCENT ON FEBRUARY 15 AND AN ADDITIONAL FIVE PERCENT ON JULY FIRST OVER THE LEVELS ESTABLISHED BY LAST YEAR'S NATIONAL GENERAL COLLECTIVE LABOR AGREEMENT. IN ADDITION, A FIVE PER CENT INCREASE IS PROVIDED AS OF FEBRUARY 15 FOR UNSKILLED WORKERS EMPLOYED FOR MORE THAN THREE YEARS. THERE ARE RELATIVELY FEW WORKERS WHOSE WAGES ARE SO LOW THAT THEY WILL BE AFFECTED BY THE TWO-STEP 15 PER CENT INCREASE. FOR EXAMPLE, IOANNIS RAMBOPOULOS, PRESIDENT OF THE 30,000-MEMBER TEXTILE WORKERS' FEDERATION, TOLD THE EMBASSY LABOR OFFICER FEBRUARY FIRST THAT NONE OF HIS MEMBERS WILL BE AFFECTED BY THE FEBRUARY 15 MINIMUM WAGE INCREASE AND ONLY A FEW BY THE JULY FIRST INCREASE. THUS, THE IMMEDIATE ECONOMIC IMPACT OF THE AGREEMENT IS LIKELY TO BE CLOSE TO THE LIMIT SET BY FINANCE MINISTER DEVLETOGLOU ON JANUARY 13 WHEN HE SAID THE GOVERNMENT WILL EXTEND EVERY EFFORT TO HOLD INFLATION BELOW TEN PER CENT IN 1977. HOWEVER, THE WAGE AGREEMENT MAY HAVE A MORE IMPORTANT INDIRECT ECONOMIC EFFECT, AS IT WILL BE REGARDED GENERALLY AS THE GOVERNMENT'S APPROVED STANDARD IN NEGOTIATIONS WITH HIGHER SKILLED, HIGHER PAID WORKERS OVER THE NEXT SEVERAL MONTHS. EVEN SO, MANY WAGE INCREASE DEMANDS WILL UNDOUBTEDLY BE HIGHER. RAMBOPOULOS TOLD US THAT HIS OPENING FIGURE IN UPCOMING NEGOTIATIONS WITH TEXTILE MANUFACTURERS WILL BE 30 PER CENT.

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PAGE 03 ATHENS 01063 01 OF 02 021726Z

3. THE FRINGE BENEFITS AFFECTING PENSION AND FAMILY ALLOWANCES COVERED BY THE AGREEMENT REPRESENT VARIOUS TRADE-OFFS BETWEEN THE GOVERNMENT AND GSEE NEGOTIATORS IN WHICH MINISTER OF LABOR LASKARIS WAS PERSONALLY INVOLVED. THESE MADE IT POSSIBLE TO KEEP THE WAGE INCREASES GENERALLY WITHIN THE GOVERNMENT'S INFLATION GUIDELINES AND TO UNDER CUT LEFTIST TRADE UNION DEMANDS FOR INCREASES OF 35-40 PER CENT. GSEE SECRETARY GENERAL CHRISTOS KARAKITSOS TOLD EMBASSY OFFICERS ON JANUARY 27 THAT WHEN ALL CONDITIONS OF THE AGREEMENT ARE IN FORCE ECONOMIC BENEFITS TO UNSKILLED WORKERS WILL, IN EFFECT, BE INCREASED BY ABOUT 30 PER CENT.

4. THE FRINGE BENEFITS APPLY TO ALL WORKERS AND, IF LEGISLATED AND IMPLEMENTED AS PROVIDED IN THE AGREEMENT, WILL HAVE A GREATER LONG-TERM ECONOMIC AND SOCIAL IMPACT THAN THE NEW MINIMUM WAGE LEVELS. PERHAPS THE MOST IMPORTANT IS THE EXTENSION OF RETIREMENT BENEFITS TO WAGE EARNERS AFTER 35 YEARS EMPLOYMENT REGARDLESS OF AGE. MOST WORKERS NOW QUALIFY AT 65 YEARS OF AGE. OTHER FRINGE BENEFITS REQUIRING LEGISLATIVE ACTION INVOLVE INCREASED

ALLOWANCES FOR EACH CHILD IN A WAGE EARNER'S FAMILY AND FOR EACH DAY A FEMALE EMPLOYEE IS ON PREGNANCY LEAVE.

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PAGE 01 ATHENS 01063 02 OF 02 021743Z  
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INFO OCT-01 IO-13 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07  
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C O N F I D E N T I A L SECTION 2 OF 2 ATHENS 1063

5. MANAGEMENT ALSO AGREED TO MORE LIBERALIZED ANNUAL LEAVE PROVISIONS: PAYMENT FOR ACCRUED ANNUAL LEAVE FOR WORKERS RESIGNING VOLUNTARILY (CURRENTLY ONLY WORKERS TERMINATED FOR THOSE RESIGNING WITH THEIR EMPLOYER'S CONSENT RECEIVE PAYMENT FOR ACCRUED LEAVE) AND THE EXTENSION OF ANNUAL LEAVE TO MINOR WORKERS (15-18 YEARS) AND TO SEASONALLY EMPLOYED WORKERS.

6. KARAKITSOS AND OTHER MODERATE GSEE LEADERS ARE PROBABLY STRESSING THE TOTAL BENEFIT PACKAGE TO THEIR MEMBERS. THE GSEE ENTERED THE NEGOTIATIONS ASKING FOR A 22 PER CENT INCREASE IN THE MINIMUM WAGE AS AN INITIAL GARGAINING POSITION, ALTHOUGH THE LEFTIST TRADE UNION LEADERS OBJECTED. IN THE FACE OF CONTINUED DEMANDS BY THESE LEFTIST TRADE UNION LEADERS FOR INCREASES OF 35-40 PER CENT, KARAKITSOS CLAIMED TO US THAT THE RIGHT-WING TRADE UNION LEADERS, WHO HOLD THE BALANCE OF POWER ON THE GSEE ADMINISTRATIVE BOARD, WERE RELUCTANT TO GO ALONG WITH A TWO-STEP 15 PER CENT INCREASE AND THE NEGOTIATIONS ALMOST BROKE DOWN OVER THIS AT THE LAST MINUTE. AS A RESULT OF SOME TOUGH TALKING BY HIMSELF AND GSEE PRESIDENT PAPAGEORGIOU, ACCORDING TO KARAKITSOS, THE RIGHTISTS FINALLY AGREED TO GO ALONG AND THE TWO-STEP 15 PERCENT FORMULA WAS ADOPTED BY THE BOARD WITH A VOTE OF 24-7 (WITH APPARENTLY 4 ABSTENTIONS OR ABSENCES).

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PAGE 02 ATHENS 01063 02 OF 02 021743Z

7. ESAK, THE MOSCOW-ORIENTED COMMUNIST PARTY OF THE EXTERIOR (KKE-EXTERIOR) FACTION WITHIN GSEE, AND RIZOSPASTIS, THE PARTY'S OFFICIAL ORGAN, HAVE BOTH DENOUNCED THE AGREEMENT AS A SELLOUT AND CONTINUE TO CALL FOR A 35-40 PER CENT INCREASE. THE LABOR ORGANIZATION OF THE RIVAL COMMUNIST PARTY OF THE INTERIOR ALSO OPPOSED THE SETTLEMENT; AS DID PASOK'S LABOR ORGANIZATION. KARAKITSOS, RAMBOPOULOS AND MANOLIS KORAKAS (AN EXPERIENCED OBSERVER AND STUDENT OF THE GREEK LABOR MOVEMENT), HAVE TOLD US, HOWEVER, THEY BELIEVE THAT MOST WORKERS ARE RELATIVELY SATISFIED WITH THE AGREEMENT.

8. VASSILIOS TZANNETAKOS, ONE OF GREECE'S FEW WRITERS ON TRADE UNION MATTERS, MAY HAVE SUMMED UP POPULAR OPINION ON THE AGREEMENT IN THE LIBERAL, OPPOSITION PAPER TO VIMA ON JANUARY 29. TZANNETAKOS, WHO IS USUALLY HIGHLY CRITICAL OF THE GSEE AND GOVERNMENT SOCIAL POLICY, EDITORIALIZED THAT THE AGREEMENT FALLS SOMEWHERE BETWEEN "A MOCKERY" (AS CLAIMED BY THE LEFTIST FACTIONS) AND "A MILESTONE" (AS CLAIMED BY THE GSEE). HE FINDS THE WAGE INCREASE ITSELF INSUFFICIENT, BUT APPLAUDS THE GOVERNMENT'S COMMITMENT TO IMPORTANT INSTITUTIONAL CHANGES IMPLIED IN THE FRINGE BENEFITS.

9. AN IMPORTANT PROVISION OF THE AGREEMENT IS THE REFERENCE TO "THE ECONOMIC INDEPENDENCE" OF THE TRADE UNIONS. THIS HAS BEEN A SORE POINT IN THE RELATIONS OF THE GREEK LABOR MOVEMENT WITH OTHER TRADE UNION ORGANIZATIONS AND ESPECIALLY WITH THE ICFTU AND THE ETUC. THE GOG HAS PROMISED TO MODIFY THE CURRENT SYSTEM OF FINANCING GSEE AND OTHER GREEK LABOR ORGANIZATIONS THROUGH ALLOCATIONS FROM A SEMI-AUTONOMOUS GOVERNMENT AGENCY. INCLUSION OF THIS REFERENCE IN THE NATIONAL GENERAL COLLECTIVE LABOR AGREEMENT, WHICH THE PRIME MINISTER HIMSELF SIGNED ON BEHALF OF THE GOVERNMENT, GIVE THE COMMITMENT ADDED WEIGHT.

10. THE RELEVANT PROVISION OF THE AGREEMENT (EMBASSY'S UNOFFICIAL TRANSLATION) READS AS FOLLOWS: "THE CONTRACTING PARTIES DECLARE THEIR JOINT POSITION AND THE ECONOMIC INDEPENDENCE OF THE TRADE UNION ORGANIZATIONS BE FULLY ASSURED... IN ORDER TO IMPLEMENT THIS DECLARATION THE CONTRACTING PARTIES WILL COOPERATE IN THE FRAMEWORK OF THE ADVISORY COUNCIL ON LABOR AND SOCIAL POLICY TO FORMULATE SUGGESTIONS FOR THE REQUIRED LEGISLATIVE ACTION." KARAKITSOS COMMENTED TO US ON JANUARY 27 THAT THE GSEE HAS FORWARDED ITS SUGGESTIONS IN THIS RESPECT (WHICH HE DID NOT SPECIFY) TO THE ADVISORY COUNCIL, BUT IMPLIED THAT HE DOES NOT ANTICIPATE ANY ACTION TO CHANGE THE PRESENT SYSTEM BEFORE NEXT YEAR. KORAKAS WAS SKEPTICAL

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PAGE 03 ATHENS 01063 02 OF 02 021743Z

PENDENCE OF THE TRADE UNION ORGANIZATIONS BE FULLY ASSURED... IN ORDER TO IMPLEMENT THIS DECLARATION THE CONTRACTING PARTIES WILL COOPERATE IN THE FRAMEWORK OF THE ADVISORY COUNCIL ON LABOR AND SOCIAL POLICY TO FORMULATE SUGGESTIONS FOR THE REQUIRED LEGISLATIVE ACTION." KARAKITSOS COMMENTED TO US ON JANUARY 27 THAT THE GSEE HAS FORWARDED ITS SUGGESTIONS IN THIS RESPECT (WHICH HE DID NOT SPECIFY) TO THE ADVISORY COUNCIL, BUT IMPLIED THAT HE DOES NOT ANTICIPATE ANY ACTION TO CHANGE THE PRESENT SYSTEM BEFORE NEXT YEAR. KORAKAS WAS SKEPTICAL

THAT EITHER THE GOVERNMENT OR THE GSEE "ESTABLISHMENT"  
IS READY TO LESSEN ITS ECONOMIC LEVERAGE ON THE NATIONAL  
FEDERATIONS AND THE MORE EXTREME FACTIONS WITHIN GSEE. RAMBO-  
POULOS TOO SAID HE FEARS THAT RECOMMENDATIONS FROM THE ADVISORY  
COUNCIL, WILL REPEAT THE ERRORS OF PREVIOUS ATTEMPTS TO LESSEN  
GOVERNMENT INFLUENCE ON LABOR ORGANIZATIONS AND THAT THERE WILL  
BE NO REAL CHANGE IN THE EXISTING PATERNALISTIC RELATIONSHIP.  
(IN THIS CONNECTION, MINISTER OF LABOR LASKARIS TOLD US RECENTLY  
THAT HIS MAIN CONCERN IN THIS RESPECT IS THE POSSIBILITY THAT  
A CHANGE IN THE PRESENT SYSTEM MIGHT EVENTUALLY BENEFIT THE  
COMMUNISTS SHOULD THEY SUCCEED IN GAINING CONTROL OF THE  
TRADE UNIONS.)  
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## Message Attributes

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